GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2241
ANSWERED ON:29.07.2016
Investment Through Promissory Notes
Kushwaha Shri Ram Kumar Sharma

Will the Minister of FINANCE be pleased to state:

(a) whether the existing laws/regulations/guidelines are adequate to protect the interest of small investors in the stock market;
(b) if so, the details thereof and the measures taken by the Government/Securities and Exchange Board of India(SEBI) for protection of small investors and the success achieved as a result thereof;
(c). whether a number of companies have reportedly not paid the dues to the small investors and are still trading actively in the stock market;
(d) if so, the details thereof including the number of complaints reported during each of the last three years and the current year; and
(e) the action initiated by the Government/SEBI against the erring companies, company-wise?

Answer

continuously evolving environment. Appropriate and necessary periodic reviews of the extant regulatory framework and various issue-related processes are undertaken with an aim to improve the quality of public offerings and expanding their reach amongst investors. Such "reviews facilitate capital raising for trade and industry through the public offerings route while also protecting the interest of investors.
SEBI has been continuously endeavouring to increase the efficiency in the securities market by encouraging participation of retail investors while also ensuring protection of the small investors.
SEBI has put in place systems and practices to promote a safe, transparent and efficient securities market and to protect market integrity. In order to prevent fraudulent and unfair trade practices, SEBI has put in place 2 regulations viz. SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market), Regulations, 2003 and SEBI (Prohibition of Insider Trading) Regulations, 2015.
SEBI (Prohibition of Insider Trading) Regulations, 2015, inter-alia stipulates a model code of conduct for prevention of insider trading for companies and others and a model code of corporate disclosure practices for prevention of insider trading. The systems and practices are reviewed continuously and modified to meet emerging needs.
SEBI maintains constant vigil in the market and whenever any entity is found to engage in any fraudulent activity, it takes appropriate action against it. Further, whenever irregularities are noticed, SEBI investigates and takes appropriate enforcement action under the provisions of the SEBI Act, 1992 and Regulations framed thereunder.
(c) & (d): SEBI takes up grievances with regard to non receipt of dividend, non receipt of refund in case of a public issue. non receipt redemption amount of debentures and interest on debentures. SEBI takes up the complaints with concerned companies and in case of non resolution of complaints takes punitive action under section 11 B/15C of the SEBI Act., which is wide in scope.
The details including the number of individual complaints reported during each of the last three years and the current year in the categories of non receipt of dividend, non receipt of refund in case of a public issue, non receipt of redemption amount of debentures and interest on debentures are given at Annex I.
(e): SEBI-takes action for failure to redress investor grievances under sectionsl1B and 15C of the SEBI Act, 1992. Details of action taken by SEBI for failure to redress investor grievances during the last three years are given at Annex 2 .
*****